Supreme Court, U.S.
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No. ____

In the Supreme Court of the United States

JEFFREY CHAIN, L.P., doing business as JEFFREY CHAIN CORPORATION,
Petitioner,

v.

TROPODYNE CORPORATION,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Are the requirements of Rule 50(b), Federal Rules of Civil Procedure, regarding the timing of a motion for judgment as a matter of law, derived from the Seventh Amendment so as to require strict compliance with them as required by some of the circuit courts, or may they be waived by the Court of Appeal as authorized by other circuits?

3. Did the Court of Appeal so depart from the accepted standard of justice and fairness and this Court's precedents as to call for this Court to invoke its supervisory power to enter summary reversal of the Court of Appeal's vacation of the jury verdict.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

Petitioner

Jeffrey Chain, Limited Partnership (L.P.), doing business as Jeffrey Chain Corporation. Renold PLC, a publicly traded corporation, owns more than 10% of Jeffrey Chain, L.P.

Respondent

Tropodyne Corporation is a privately held corporation, with no publicly traded corporation owning more than 10% of it.

TABLE OF CONTENTS

QUESTIONS PRESENTED FOR REVIEW i

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

BASIS FOR JURISDICTION 1

STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 6

REASONS FOR GRANTING THE WRIT 11

I. THE SIXTH CIRCUIT'S AND OTHER CIRCUIT'S INTERPRETATION AND APPLICATION OF RULE 50(b), WHICH ARE CONFLICTING, RAISE IMPORTANT SEVENTH AMENDMENT CONCERNS. 11

II. THE COURT OF APPEAL'S DECISION IS SO FAR OUTSIDE OF THE APPLICABLE STANDARDS OF JUSTICE AND FAIRNESS THAT THIS COURT SHOULD SUMMARILY REVERSE THE DECISION OF THE COURT OF APPEAL PURSUANT TO ITS SUPERVISORY POWER OVER LOWER FEDERAL COURTS. 17

CONCLUSION 21

APPENDIX

Appendix A
Court of Appeals Opinion, 12/20/00 . . . . . 1a

Appendix B
District Court Judgment, 8/6/99 . . . . . 18a

Appendix C
Court of Appeals Order Denying Rehearing, 2/16/01 . . . . . 20a

Appendix D
District Court Order Regarding Admissibility of Exhibits, 12/1/98 . . . . . 22a

TABLE OF AUTHORITIES

Cases

Bayamon Thom McAn, Inc. v. Miranda,
409 F.2d 968 (1st Cir. 1969) 15

Boynton v. TRW, Inc.,
858 F.2d 1178 (6th Cir. 1988) 15

DeMarines v. KLM Royal Dutch Airlines,
580 F.2d 1193 (3d Cir. 1978) 14

De Saracho v. Custom Food Mach., Inc.,
206 F.3d 874 (9th Cir. 2000) 16

Douglas County Bank & Trust Co.,
207 F.3d 473 (8th Cir. 2000) 14

Ebker v. Tan Jay Int'l, Ltd.,
739 F.2d 812 (2d Cir. 1984) 16

Farley Transp. v. Santa Fe Trail Transp. Co.,
786 F.2d 1342 (9th Cir. 1985) 16

Greenleaf v. Garlock, Inc.,
174 F.3d 352 (3d Cir. 1999) 14

Greenwood v. Societe Francaise De,
111 F.3d 1239 (5th Cir. 1997) 15, 16

Johnson v. New York, N.H. & H.R. Co.,
344 U.S. 48 (1952) 6, 12, 13

Karns v. Emerson Elec. Co.,
817 F.2d 1452 (10th Cir. 1987) 15

Lowenstein v. Pepsi-Cola Bottling Co.,
536 F.2d 9 (3d Cir. 1976) 13, 14

Mallick v. International Bhd. of Elec. Workers,
644 F.2d 228 (1981) 14

Mark Seitman & Assocs., Inc.,
837 F.2d 1527 (11th Cir. 1988) 14

McKinnon v. City of Berwyn,
750 F.2d 1383 (7th Cir. 1984) 17

Miller v. Premier Corp.,
608 F.2d 973 (4th Cir. 1979) 15, 17

Miller v. Rowan Cos., Inc.,
815 F.2d 1021 (5th Cir. 1987) 16

Montgomery Ward & Co. v. Duncan,
311 U.S. 243 (1940) 12, 13

Neely v. Martin K. Eby Construction Co.,
386 U.S. 317 (1967) 6, 12, 13

Pulla v. Amoco Oil Co.,
72 F.3d 648 (8th Cir. 1995)) 15

Redd v. City of Phenix City, Ala.,
934 F.2d 1211 (11th Cir. 1991) 14

Simon v. Navon,
71 F.3d 9, 14 n.3 (1st Cir. 1995) 15

Singer v. Dungan,
45 F.3d 823 (4th Cir. 1995) 17

Slocum v. New York Life Ins. Co.,
228 U.S. 364 (1913) 11, 13

United States v. Hale,
422 U.S. 171 (1975) 19-20

Western Pac. R. Corp. v. Western P. R. Co.,
345 U.S. 247, 260 (1953) 20

Constitutional Provisions, Statutes, and Other Authorities

U.S. Const., Amend. VII . . . . . *passim*

Fed.R.Civ.P. 50(b) . . . . . *passim*

Lanham Act,
15 U.S.C. § 1114 . . . . . 1-4, 7
15 U.S.C. § 1125(a) 1, 4-5, 7

28 U.S.C. § 1331 7

28 U.S.C. § 1332 7

9 James W. Moore, *Moore's Federal Practice*
§ 38.12[2][c][i] (3d ed. 2001) 11

Stern, Gressman, Shapiro, and Geller,
Supreme Court Practice,
§ 4.17 (7th ed. 1993) 20

Supreme Court Rule 16.1 20

OPINIONS BELOW

The order respecting the rehearing by the United States Court of Appeals for the Sixth Circuit is not yet reported but is set forth in the Appendix hereto (App. B at 20a).

The decision of the United States Court of Appeals for the Sixth Circuit is reported at 238 F.3d 421 (6th Cir. 2000), and the opinion is set forth in the Appendix hereto (App. A at 1a).

BASIS FOR JURISDICTION

The judgment of the United States Court of Appeals for the Sixth Circuit ("Court of Appeal") was entered on December 20, 2000. The Court of Appeal denied a timely petition for rehearing *en banc* on February 16, 2001. This petition for writ of certiorari is filed within ninety days from that date. 28 U.S.C. § 2101(c).

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(l).

STATUTORY PROVISIONS INVOLVED

The Lanham Act
15 U.S.C. §§ 1114 and 1125(a)

§ 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this subsection, the term "any person" includes any State, any instrumentality of the State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter, the remedies given to the owner of a right infringed

under this chapter or to a person bringing an action under section 1125(a) shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of Title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining

the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D) As used in this paragraph--

(i) the term "violator" means a person who violates section 1125(a) of this title; and

(ii) the term "violating matter" means matter that is the subject of a violation under section 1125(a) of this title.

§ 1125. False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false or misleading representation of fact, which–

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act

Rule 50(b), Federal Rules of Civil Procedure

RULE 50 JUDGMENT AS A MATTER OF LAW IN JURY TRIALS; ALTERNATIVE MOTION FOR NEW TRIAL; CONDITIONAL RULINGS

(b) Renewing Motion for Judgment After Trial; Alternative Motion for New Trial. If, for any reason, the court does not grant a motion for judgment as a matter of law made at the close of all evidence, the court is considered to have submitted the action to the jury subject to the court's later deciding the legal question raised by the motion. The movant may renew its request for judgment as a matter of law by filing a motion no later than 10 days after entry of judgment–and may alternatively request a new trial or join a motion for a new trial under Rule 59. In ruling on a renewed motion, the court may:

(1) if a verdict was returned

(A) allow the judgment to stand,

(B) order a new trial, or

(C) direct entry of judgment as a matter of law; or

(2) if no verdict was returned

(A) order a new trial, or

(B) direct entry of judgment as a matter or law

STATEMENT OF THE CASE

This Petition seeks review of a decision of the Sixth Circuit regarding Rule 50(b) that is in conflict with the Seventh Amendment, with principles announced by this Court in *Johnson v. New York, N.H. & H.R. Co.*, 344 U.S. 48 (1952) and *Neely v. Martin K. Eby Construction Co.*, 386 U.S. 317 (1967) and with the decisions of the other circuit courts of appeal.

This is a trademark dispute between two parties claiming rights in the trade name "Jeffrey" and the trademark "JEFFREY".

The petitioner Jeffrey Chain, L.P., doing business as Jeffrey Chain Corporation ("Jeffrey Chain"), is a 300-employee manufacturing facility in Morristown, Tennessee, formerly known as the Jeffrey Galion Corporation. It was acquired by Dresser Industries, Inc. ("Dresser") in the 1970s

and "spun off" as an independent company in 1985. In the 1985 transaction, Jeffrey Chain received from Dresser a license to sell all types of chain and chain components under the corporate name of Jeffrey Chain Corporation and an exclusive right to use the trademarks JEFFREY and J in the sale of metallic chain and chain components. Dresser reserved the right to use the marks JEFFREY and J in the sale of plastic chain and components.

The respondent, Tropodyne Corporation ("Tropodyne"), is a six-employee company that began doing business in 1995. Its first significant act was to hire away Jeffrey Chain's manager for environmental chain products, Paul VanDeMark. Next, Tropodyne acquired the line of plastic sewage chain kept by Dresser, including the limited right to use the mark JEFFREY with plastic chain. Then, under the direction of VanDeMark, Tropodyne began using the JEFFREY mark and the trade name "Jeffrey-Tropodyne" to sell all types of chain, both plastic and metallic, in direct competition with Jeffrey Chain.

During the next few years, Tropodyne's sales went from nothing to $5 million per year, while Jeffrey Chain's sales of competing environmental chain products declined from $3.5 million per year to $1.2 million per year. On December 4, 1996, while these trends were still developing, Jeffrey Chain filed suit in the United States District Court for the Eastern District of Tennessee, alleging trademark infringement and unfair competition in violation of both state and federal law. The jurisdiction of the court was invoked pursuant to 28 U.S.C. §§ 1331 and 1332. Specifically as to federal question jurisdiction, Jeffrey Chain asserted that Tropodyne violated the provisions of the Lanham Act, 15 U.S.C. § 1114 and 1125(a).

Jeffrey Chain moved for summary judgment as to liability and the district court granted its motion. The district court held that Tropodyne has no right to use the name "Jeffrey" in connection with metallic chain and that "to the extent that Tropodyne sells metallic chain and chain products under the name "Jeffrey" and/or mimics Jeffrey Chain's literature or product designs, it is violating the Lanham Act and infringing Jeffrey Chain's mark". Following this grant of partial summary judgment, the district court entered a final pretrial order in which it specifically limited the trial to the issue of damages.

The issue of the parties' damages was tried to a jury on August 3 through 6, 1999. The jury awarded net compensatory damages to Jeffrey Chain in the amount of $800,000.[1] In addition, the jury awarded Jeffrey Chain $423,750 in punitive damages against Tropodyne.

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[1]Tropodyne had counterclaimed, asserting that Jeffrey Chain's license from Dresser did not permit it to sell plastic chain under the name Jeffrey Chain Corporation. The district court agreed, granted Tropodyne partial summary judgment and, prior to trial, permanently enjoined Jeffrey Chain Corporation from selling plastic chain. With each party's liability to the other having been determined as a matter of law by the trial judge, the jury was asked to decide Jeffrey Chain's damages for Tropodyne's sale of metallic chain and Tropodyne's damages for Jeffrey Chain's sale of plastic chain. The figures found by the jury, $1,485,000 and $685,000, respectively, net to $800,000 in favor of Jeffrey Chain. The injunction against Jeffrey Chain, and the partial summary judgment on which it was based, were vacated by a panel of the Sixth Circuit different from the panel that decided the appeal at issue here, in a decision reported at 225 F.3d 659 (6th Cir. 2000). What remains, if anything, of Tropodyne's counterclaim has been remanded to the district court, where it is still pending.

On the second day of trial, August 4, at the close of Jeffrey Chain's proof, Tropodyne made an oral motion for judgment as a matter of law ("JMOL") under Rule 50(b), Federal Rules of Civil Procedure. The district court summarily overruled the motion but directed Tropodyne to renew its motion at the end of all testimony. Tropodyne then proceeded to present its evidence, including evidence that it had sold only $210,355 in metallic chain, from which it argued that Jeffrey chain's damage claim of $1.7 million was inflated. (App. A at 10a.)

On the morning of the next day, April 5, before completing presentation of its evidence, Tropodyne filed a brief in support of its earlier motion for judgment as a matter of law. Testimony then continued regarding Jeffrey Chain's damages calculations. Specifically, further evidence was elicited from two of Tropodyne's witnesses on both direct and cross examination regarding Jeffrey Chain's damages calculations. Closing arguments followed. The jury was instructed by the court, and, on the morning of August 6, the jury retired to consider its verdict. At no time before the jury retired did Tropodyne make a new motion for judgment as a matter of law or renew the motion previously made.

After the jury returned with a verdict awarding net compensatory damages for Jeffrey Chain and determining that Jeffrey Chain was entitled to punitive damages, additional evidence was taken on the amount of punitive damages that ought to be awarded. At the conclusion of that evidence, the jury was again instructed by the court and it retired to consider the amount of punitive damages to award. While the jury was deliberating on the issue of punitive damages for Jeffrey Chain, Tropodyne orally renewed its motion for JMOL. (App. A at 7a.) The district court summarily denied the motion. The jury then returned with its verdict for Jeffrey

Chain for punitive damages. Judgment was entered in accordance with the jury's verdict. Thereafter, Tropodyne neither renewed its motion for JMOL nor filed any other post-trial motion in the district court; instead, it appealed directly to the Sixth Circuit. *Id.*

On appeal, Judges Merritt, Gilman, and Bell[2] not only vacated the jury verdict in favor of Jeffrey Chain but entered judgment in favor of Tropodyne and dismissed Jeffrey Chain's claim.

As for the legal sufficiency of Jeffrey Chain's evidence, the Court of Appeal weighed the evidence and found it wanting for several reasons. Principally, the court accepted (as the jury had not) Tropodyne's explanations for the undisputed decline in Jeffrey Chain's sales. In the words of the Court of Appeal, Tropodyne's explanations "*tend to negate any inference* that Tropodyne's activities caused Jeffrey Chain's alleged damages." (App. A at 12a (emphasis added).) The Court of Appeal noted that Jeffrey Chain presented "only" two witnesses in support of its claim for damages. (App. A at 11a.) Neither the fact that these two witnesses were the President and Vice President of Jeffrey Chain - the two persons in the world best informed as to influences on Jeffrey Chain's sales - nor the fact that their testimony was admitted without objection impressed the Court of Appeal, which dismissed their testimony as "speculative" and "nothing more than conjecture". (App. A at 14a.) The Court of Appeal faulted Jeffrey Chain for failing to present "direct evidence of Customer confusion" when, in fact, Jeffrey Chain proffered such evidence but it was excluded by

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[2]Judge Robert Holmes Bell, United States District Judge for the Western District of Michigan, sat on the panel by designation.

the district court on the grounds that such evidence was relevant only to liability, which had already been decided in Jeffrey Chain's favor. (App. A 13a; App. D at 29a.) Finally, the Court of Appeal disregarded entirely the jury's finding that Tropodyne's infringement was willful and, with it, the presumption of damages that arises from willful infringement.

Jeffrey Chain timely petitioned for rehearing and suggested rehearing *en banc*, which the Court of Appeal denied on February 16, 2001. (App. B at 20a.)

REASONS FOR GRANTING THE WRIT

I.

THE SIXTH CIRCUIT'S AND OTHER CIRCUIT'S INTERPRETATION AND APPLICATION OF RULE 50(b), WHICH ARE CONFLICTING, RAISE IMPORTANT SEVENTH AMENDMENT CONCERNS.

The Seventh Amendment is implicated by Rule 50(b) because the Seventh Amendment forbids re-examination of any fact tried by a jury "in any court of the United States other than according to the rules of common law." *Slocum v. New York Life Ins. Co.*, 228 U.S. 364, 378-388 (1913). *See generally,* 9 James W. Moore, *Moore's Federal Practice* § 38.12[2][c][i] (3d ed. 2001) At common law, a motion made during trial that challenged the legal sufficiency of the plaintiff's case was called a motion for directed verdict. If granted, the motion resulted either in the case being withdrawn from the jury or in the jury being directed to enter a verdict for the defendant.

Rule 50(b) adopts the modern nomenclature of a "motion for judgment as a matter of law" (JMOL) but, in operation, tracks the common law practice for directed verdicts. *Id.* A motion may be made at the close of plaintiff's case but, if it is denied and the movant elects to proceed with evidence of its own, a new motion testing the legal sufficiency of *all* the evidence must be made at the close of proof. Rule 50(b). A motion made at the close of proof may be *renewed* after the jury's verdict. *Id.* This practice is not considered an invasion of the province of the jury because, a court that grants a properly renewed motion is not technically setting aside the jury's verdict but is in essence withdrawing the case from the jury's consideration based upon a legal–as opposed to factual–question. *Montgomery Ward & Co. v. Duncan*, 311 U.S. 243, 250 (1940).

The requirement that a motion for JMOL be made at the close of all evidence, if the issue of the legal sufficiency of the evidence is to be preserved, is not onerous. Indeed, this Court held in *Johnson v. New York, N.H. & H.R. Co.*, 344 U.S. 48, 51, 53 (1952), that Rule 50 "carefully sets out the steps and procedures to be followed by the parties as a prerequisite to entry of judgments notwithstanding an adverse jury verdict . . . [and that] Rule 50(b) as written and construed by [this Court] is not difficult to understand or to observe." This Court also held in *Neely v. Matin K. Eby Construction Co.*, 386 U.S. 317, 325 (1967) that "[t]he opinions in the above case make it clear that an appellate court may not order judgment *n.o.v.* where the verdict loser failed strictly to comply with the procedural requirements of Rule 50(b) . . . ."

Despite this Court's prior application of Rule 50, nine circuit courts have adopted a total of five different modifications to the rule to bail out non-complying movants,

essentially "[r]ewriting the rule to fit counsel's unexpressed wants and intentions . . . [and] reintroduc[ing] the same type of confusion and uncertainty that the rule was adopted to end." *Johnson v. New York, N.H. & H.R. Co.*, *supra*, at 53.

The two circuit courts which strictly (and correctly) apply Rule 50(b) to protect parties' Seventh Amendment right to a jury are the Third and Eleventh Circuits,. The First, Sixth, Eighth, and Tenth Circuits follow a lenient application of Rule 50(b) with a two-prong test. The Fifth Circuit's application of the Rule is also lenient but more amorphous than the First Circuit's application. Applying yet another lenient application, the Second Circuit follows a modified version of the First Circuit test. The Ninth Circuit's application of the Rule combines the strict test of the Third and Eleventh Circuits with a more liberal approach in certain circumstances. Finally, the Seventh and Fourth Circuits vary from all other circuits in their modification of the Rule's application.

The Court should put an end to this potpourri of permissible excuses and restore the principle, enshrined in the Seventh Amendment and reaffirmed in *Slocum*, *Montgomery Ward*, *Johnson*, and *Neely*, that a litigant may not be deprived of a jury verdict in its favor except in the narrow circumstances permitted at common law.

The analysis through which the Third Circuit roots its strict interpretation of Rule 50 in the Seventh Amendment dates to *Lowenstein v. Pepsi-Cola Bottling Co.*, 536 F.2d 9 (3d Cir. 1976). In that case, the circuit court first laid down its literal application of Rule 50(b) when it examined whether the grant of a judgment notwithstanding the verdict (the pre-cursor to Rule 50(b)'s "renewed" JMOL) can be valid in the absence of a motion for directed verdict at the close of all the

evidence. In ruling that the moving party must move at the close of all the evidence or forfeit the right to renew the motion under Rule 50(b), the *Lowenstein* court looked to the Seventh Amendment. "To ask the court to enter a judgment, contrary to a general verdict of the jury, where no motion for a directed verdict has been interposed, is simply to ask the court to re-examine the facts already tried by the jury, and this the court may not do without violating the Seventh Amendment." *Id.* at 11 (citation omitted). The court concluded that "constitutional and procedural issues are so important that [the court is] unwilling to make the supposition that the bench and the adverse party have sufficient notice" of the grounds for the motion. *Id.* at 12. The Third Circuit, as well as the Eleventh Circuit, has consistently followed this approach. *See Greenleaf v. Garlock, Inc.*, 174 F.3d 352 (3d Cir. 1999); *Redd v. City of Phenix City, Ala.*, 934 F.2d 1211 (11th Cir. 1991); *Mark Seitman & Assocs., Inc.*, 837 F.2d 1527 (11th Cir. 1988); *Mallick v. International Bhd. of Elec. Workers*, 644 F.2d 228 (1981); *DeMarines v. KLM Royal Dutch Airlines*, 580 F.2d 1193 (3d Cir. 1978).

As noted, nine other circuit courts of appeal do not require literal compliance with Rule 50(b), but for a variety of reasons.

A plurality of the circuits, including the Sixth Circuit, follows a two-step test to determine whether technical deviation from the language of Rule 50(b) is permissible. In the First, Sixth, Eighth, and Tenth Circuits, the courts look first to whether the trial judge gives the moving party some assurance that the movant's rights under Rule 50(b) are preserved *and* then reviews whether the evidence introduced after the motion and before the close of the evidence is extremely limited in quantity and quality. *See Douglas County Bank & Trust Co.*, 207 F.3d 473, 477 (8th Cir. 2000)

(permitting exception when "court indicated that the movant need not renew its motion . . . to preserve its right to challenge the verdict" and "if no new evidence is presented after the original motion" (citing *Pulla v. Amoco Oil Co.*, 72 F.3d 648, 655 (8th Cir. 1995)); *Simon v. Navon*, 71 F.3d 9, 14 n.3 (1st Cir. 1995) (stating "[t]he exception is permitted 'in a case combining . . . judicial assurance concerning preservation of rights at the time of motion and . . . brief and inconsequential evidence following the motion. . . .'" (quoting *Bayamon Thom McAn, Inc. v. Miranda*, 409 F.2d 968, 972 (1st Cir. 1969))); *Boynton v. TRW, Inc.*, 858 F.2d 1178, 1186 (6th Cir. 1988) (holding no waiver when trial court indicated firm intent to send case to the jury and when evidence introduced after motion was "brief and largely cumulative" of previous testimony); *Karns v. Emerson Elec. Co.*, 817 F.2d 1452, 1456 (10th Cir. 1987) (recognizing exception to Rule 50(b) language when trial court indicates renewal of motion is unnecessary to preserve the issues raised and when the evidence introduced after the motion is brief).

In the second school of exception, the Fifth Circuit liberally applies Rule 50(b)'s language, but it does so differently from the plurality circuits. Under Fifth Circuit precedent, a movant does not waive its Rule 50(b) rights so long as the Rule's purposes have been served. Specifically, the Fifth Circuit has identified two purposes of the requirement that the motion for JMOL occur at the close of the evidence: "(1) 'to ensure the trial court is invited to reexamine only the question raised by the motion for a directed verdict . . . and not to reexamine the facts properly found by the jury'; and (2) 'to avoid making a trap of the judgment n.o.v. when the defendant's nonrenewal . . . is designed to avoid pointing out the defects in the plaintiff's proof.'" *Greenwood v. Societe Francaise De*, 111 F.3d 1239, 1244 n.6 (5th Cir. 1997). Application of this test is somewhat

amorphous, exceptions being granted by the Fifth Circuit when the trial court reserved ruling on the initial motion even though the motion was followed by a significant amount of evidence, *Miller v. Rowan Cos., Inc.*, 815 F.2d 1021 (5th Cir. 1987), and when issues raised in the movant's initial motion, which was denied, were raised again in the movant's objections to jury interrogatories. *Greenwood*, 111 F.3d at 1245.

The Second Circuit, representing the third school, has modified the exception permitted in the First Circuit group by focusing more on the quality of the evidence presented after the initial motion is presented. Accordingly, in the Second Circuit, no waiver occurs if the trial court indicates preservation of the movant's rights *and* the evidence presented after the initial motion could not have led the opposing party to "reasonably have thought that the moving party's initial view of the insufficiency of the evidence had been overcome and there was no need to produce anything more in order to avoid the risk of judgment n.o.v." *Ebker v. Tan Jay Int'l, Ltd.*, 739 F.2d 812, 823-24 (2d Cir. 1984).

Yet a different exception comes out of the Ninth Circuit. In the Ninth Circuit, when a motion for JMOL is denied by the trial judge, the renewed motion is absolutely waived if not raised at the conclusion of the evidence. *See, e.g., De Saracho v. Custom Food Mach., Inc.*, 206 F.3d 874 (9th Cir. 2000). If, however, the judge does not deny the motion but reserves ruling on it, the Ninth Circuit will permit a Rule 50(b) motion under the rule applied in the Second Circuit. *See Farley Transp. v. Santa Fe Trail Transp. Co.*, 786 F.2d 1342, 1346 (9th Cir. 1985) (citing *Ebker*, 739 F.2d at 823).

The fifth and final school allowing an exception to strict adherence to Rule 50(b) comes out of the Seventh and Fourth Circuits. As compared with the other exceptions, no action or statement on the part of the trial court is required; instead, the circuit court looks to whether the opposing party has been unfairly prejudiced by the failure to follow the Rule's technical requirements. This, the most amorphous of the exceptions, has been applied to permit a Rule 50(b) motion when the initial motion was made before the close of the evidence so long as the defendant's evidence, presented after the initial motion, did not add to the plaintiff's case or weaken the defendant's case. *See McKinnon v. City of Berwyn*, 750 F.2d 1383, 1390 (7th Cir. 1984); *Singer v. Dungan*, 45 F.3d 823 (4th Cir. 1995); *Miller v. Premier Corp.*, 608 F.2d 973 (4th Cir. 1979).

In order to maintain and secure the uniformity of decisions and to resolve conflicts between the Circuits on this issue, and to maintain the integrity of the Seventh Amendment right to a jury, this Court should grant the present petition for certiorari to the United States Court of Appeals for the Sixth Circuit.

II.

THE COURT OF APPEAL'S DECISION IS SO FAR OUTSIDE OF THE APPLICABLE STANDARDS OF JUSTICE AND FAIRNESS THAT THIS COURT SHOULD SUMMARILY REVERSE THE DECISION OF THE COURT OF APPEAL PURSUANT TO ITS SUPERVISORY POWER OVER LOWER FEDERAL COURTS.

In addition to eviscerating Jeffrey Chain's Seventh Amendment right to a jury trial, the panel decision whipsaws Jeffrey Chain. It dismisses Jeffrey Chain's evidence as legally insufficient, but the evidence the panel finds crucial and absent is the same evidence the district court excluded as irrelevant when Jeffrey Chain offered it. This is such a plain and egregious error that this Court should summarily vacate the decision of the Court of Appeal and remand the case for reconsideration.

The Court of Appeal attached great significance to the fact that Jeffrey Chain (supposedly) failed to present any direct evidence of consumer confusion. (App. A at 13a.) The Circuit Court stated in its opinion that "Jeffrey Chain produced no . . . direct evidence of customer confusion. The only testimony regarding confusion was conjecture by Jeffrey Chain's officers. There was no testimony of confusion from customers or others in the marketplace." (App. A at 13a.) This is simply not true.

In support of its motion for summary judgment as to liability, which was granted, Jeffrey Chain provided unopposed affidavits attesting to customer confusion. For the ensuing trial that was to be limited to damages, Jeffrey Chain proposed to call as a witness its sales representative, Andrew "Skip" Foster. Foster knew first-hand about confusion among Jeffrey Chain's customers, and he had assembled a file of incidents. Jeffrey Chain identified one memorandum involving a potential customer named Mr. Rodriguez as its Exhibit 46. The rest of Mr. Foster's file regarding customer confusion was Jeffrey Chain's proposed Exhibit 50. Tropodyne objected, and the exhibits were excluded on the grounds of relevance only. The presiding magistrate ruled:

> "*If* confusion of identity was still a viable issue, Rodriguez's hearsay statements regarding confusion between Tropodyne and Jeffrey Chain would be admissible under [F.R.E.] 803(3). However, according to the District Judge's order, the only remaining issue is one regarding damages. Whether Mr. Rodriguez was confused is irrelevant. On the basis of relevancy (as opposed to hearsay), the objection [to Exhibit 46] is SUSTAINED . . . .
>
> Exhibit 50 is a file of Mr. Foster which contains material regarding incidents or episodes of confusion between Tropodyne's products and Jeffrey Chain's products. For the same reason as set forth in the ruling regarding Exhibit 46 above, this objection is SUSTAINED."

App. D at 29a.

Direct evidence of customer confusion is not necessary to establish the existence of actual damages where intentional infringement is proven, as it was here. Even if it were necessary, however, Jeffrey Chain *produced* substantial direct evidence of customer confusion, only to have it excluded. It is a gross miscarriage of justice to whipsaw Jeffrey Chain by first excluding its evidence of customer confusion as "irrelevant" and then, on appeal, disparaging its officers' testimony as "conjecture" and "speculation" because there is no direct evidence of customer confusion to support it.

This Court has repeatedly recognized that it possesses supervisory power over lower federal courts. *See United*

States v. Hale, 422 U.S. 171, 181 (1975); *Western Pac. R. Corp. v. Western P. R. Co.*, 345 U.S. 247, 260 (1953). *See also*, Stern, Gressman, Shapiro, and Geller, *Supreme Court Practice*, § 4.17 (7th ed. 1993). Further, this Court has authority pursuant to Rule 16.1 to grant a summary disposition on the merits in response to a petition for certiorari. Because the Court of Appeal's decision strikes against the purposes of justice and fairness, this Court should summarily reverse the decision below.

CONCLUSION

The Court of Appeal's decision in this case conflicts with decisions of other circuit courts of appeal, which have differing standards for application of Rule 50(b). The split among circuit courts regarding application of the express terms of Rule 50(b) implicates the Seventh Amendment, as does the panel's decision that so clearly substitutes its view of the facts for that of the jury. For these reasons, this Court should grant the petition for certiorari to the United States Court of Appeals for the Sixth Circuit. Alternatively, this Court should summarily reverse the lower court's decision in the interests of justice and fairness, based upon its supervisory power over lower federal courts.

Respectfully submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

[Filed December 20, 2000]

Nos. 99-6268, 99-6269

JEFFREY CHAIN, L.P., doing business as JEFFREY CHAIN CORPORATION,
Plaintiff-Appellee, Cross-Appellant,

v.

TROPODYNE CORPORATION,
Defendant-Appellant, Cross-Appellee.

On Appeal from the United States District Court for the Eastern District of Tennessee

BEFORE: MERRITT, and GILMAN, Circuit Judges; BELL, District Judge.*

*The Honorable Robert Holmes Bell, United States District Judge for the Western District of Michigan, sitting by designation.

PER CURIAM. Defendant Tropodyne Corporation appeals the jury verdict and the partial summary judgments in this action for trademark infringement and unfair competition under the Lanham Act. Plaintiff Jeffrey Chain, L.P., cross-appeals the denial of attorney fees and treble damages. For the reasons that follow we reverse the damage award in favor of Jeffrey Chain and affirm the denial of attorney fees and treble damages.

I.

Plaintiff-Appellee and Cross-Appellant Jeffrey Chain Corporation ("Jeffrey Chain") is a 300-employee corporation with a manufacturing plant in Morristown, Tennessee. Jeffrey Chain is in the business of manufacturing assorted mechanical parts, including chains, which are used in various industries, including wastewater treatment. Jeffrey Chain was formed in 1985 when Dresser Industries, Inc. ("Dresser") sold its Jeffrey Division to Jeffrey Chain. The spinoff was a sale of assets codified in an Asset Purchase Agreement. Pursuant to this agreement, Dresser granted Jeffrey Chain the right to use the name "Jeffrey Chain" as its corporate name.[1] Jeffrey

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[1]Paragraph 14 of the Asset Purchase Agreement provides in pertinent part:

> Use of Jeffrey Name. Seller will license Buyer to use the name Jeffrey Chain in connection with the sale of chain products. Buyer shall not be entitled to use the name "Dresser" or any name implying that Buyer is associated with Dresser, or to use the name "Jeffrey" except when immediately followed by "Chain," as in Jeffrey Chain. . . . The use of

Chain's use of the trademarks "Jeffrey" and "J" were the subject of a separate license agreement incorporated into the Asset Purchase Agreement.[2] Dresser expressly excluded

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> the Jeffrey name and trademark is the subject of a license agreement . . . a copy of which is attached as Exhibit D hereto.

[2]The license agreement between Dresser and Jeffrey Chain provides, in pertinent part:

> A. LICENSOR grants to LICENSEE the right to use the mark "Jeffrey," but only when coupled with the word "Chain," in its corporate or business name.
>
> B. LICENSOR hereby grants to LICENSEE the sole, perpetual, and exclusive right and license to manufacture, use, and sell metallic and non-metallic chains and parts and components thereof, *other than plastic chains and chain parts and components to be used in the sewage industry*, throughout the world under the trademarks "Jeffrey" and/or "J" as hereinabove described (herein, the "LICENSED MARKS") subject, however, to the following:
>
> > (i) LICENSEE may use the LICENSED MARKS only when the LICENSED MARKS are associated with the word "Chain". . . .
>
> C. LICENSOR also expressly reserves the sole and exclusive ownership of the trademarks "Jeffrey" and "J" and LICENSEE agrees not to use

plastic chain and chain parts from its grant of an exclusive license to Jeffrey Chain because Dresser wanted to continue manufacturing and selling its Jeffrey Thermoplastic Link Sludge Collector Component product line. In 1992 Dresser spun-off its plastic sewage chain division to Indresco, Inc. ("Indresco"). As part of the spinoff, Dresser assigned Indresco its interest in the "Jeffrey" and "J" trademarks.

In 1989, Jeffrey Chain hired Paul VanDeMark to develop its own line of plastic chain for sale to the sewage industry. In April 1993, Jeffrey Chain registered the trademark "Jeffrey Chain" for engineering class chain, which includes all types of metallic and plastic chain at issue in this case. Jeffrey Chain then began selling its own plastic chain under that trademark.

In January 1995, VanDeMark left Jeffrey Chain and joined Tropodyne Corporation, a new corporation with five employees. Tropodyne is involved in the business of selling waste water treatment systems. In October 1995, Tropodyne purchased from Indresco the molds used to make the Jeffrey Thermoplastic Link Sludge Collector Components, plus inventory and a few pieces of equipment. Tropodyne also acquired Indresco's rights to use the "Jeffrey" and "J" trademarks in marketing plastic sewage chain. Thereafter, Tropodyne began using the "Jeffrey" name to sell both plastic and metallic chain used in sewage treatment plants.

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the same except as specifically provided herein.

(emphasis added).

In December 1996, Jeffrey Chain commenced this action alleging that Tropodyne's use of the "Jeffrey" name in connection with metallic chain, sprockets and chain products sold to the sewage treatment industry constitutes trademark infringement and unfair competition under the Lanham Act, 15 U.S.C. § 1114 and 1125(a), the Tennessee Consumer Protection Act ("TCPA"), and the common law. Tropodyne counterclaimed, alleging that Jeffrey Chain's use of the "Jeffrey" name in the sale of plastic sewage chain constitutes false designation of origin in violation of the Lanham Act. Tropodyne also alleged tortious interference with business relations and violation of the TCPA.

On July 13, 1998, the district court granted the parties' cross-motions for summary judgment on the liability issues. The district court found that Jeffrey Chain holds the exclusive license to sell metallic chain and chain products under the name "Jeffrey" and its registered trademark "Jeffrey Chain," and that to the extent Tropodyne sells metallic chain and chain products under the name Jeffrey, and/or mimics Jeffrey Chain's literature or product designs, it violates the Lanham Act and infringes Jeffrey Chain's mark. The district court further held that, while Jeffrey Chain is free to manufacture and sell plastic chain products for use in the sewage industry, it is not licensed to identify them by using the name "Jeffrey" or "Jeffrey Chain."

The district court held that Tropodyne has exclusive right to use the name "Jeffrey" in connection with plastic chain and related component parts for use in the sewage industry and, to the extent that Jeffrey Chain is using that mark to sell plastic products, it is liable for trademark infringement and unfair competition.

Jeffrey Chain continued to market plastic sewage chain with its registered trademark "Jeffrey Chain" embossed on the chain. Tropodyne moved for a permanent injunction on the basis that Jeffrey Chain violated the summary judgment order. In an order dated November 6, 1998, the district court found that Jeffrey Chain "knowingly and willfully" infringed on Tropodyne's rights to the "Jeffrey" trademark as determined in the court's summary judgment order. The court enjoined Jeffrey Chain from using the designation "Jeffrey," alone or in combination with other words, in connection with plastic chain and/or plastic components for use in the wastewater treatment industry or in connection with the advertising, distribution, or sale of any such products. Jeffrey Chain filed a notice of interlocutory appeal as to the permanent injunction.

A jury trial was conducted August 3-6, 1999, limited to the issue of damages. The jury returned a verdict in favor of Jeffrey Chain in the amount of $1,485,000 in compensatory damages and $423,750 in punitive damages. The jury returned a verdict in favor of Tropodyne on its counterclaim in the amount of $685,000 in compensatory damages. The district court declined to award either side additional, statutory damages under the Lanham Act. The court also denied Jeffrey Chain's requests for treble damages under Tennessee law and for attorney fees. Tropodyne appealed and Jeffrey Chain cross-appealed the jury's verdict.

On Jeffrey Chain's interlocutory appeal of the permanent injunction, this Court vacated the permanent injunction and jury verdict against Jeffrey Chain and remanded for proceedings consistent with the opinion. *Jeffrey Chain v. Tropodyne Corp.*, No. 98-6685, 2000 WL 712379

(6th Cir. May 23, 2000) (per curiam).

II.

Tropodyne contends the trial court's denial of its motion to exclude Jeffrey Chain's damage theory was erroneous because the damage theory was not only unsupported but directly contradicted by the evidentiary record.

As a preliminary matter, Jeffrey Chain contends that because Tropodyne did not renew the motion after the close of all the evidence, or after the verdict on punitive damages, and because Tropodyne did not file a motion for a new trial under FED. R. CIV. P. 59, Tropodyne failed to preserve the issue of the sufficiency of the evidence for appeal, and the issue should be reviewed only for plain error.

A week before the trial Tropodyne filed a written motion to exclude Jeffrey Chain's damage theory on the grounds that it was speculative and had no evidentiary support. On August 5, 1999, at the close of Jeffrey Chain's proofs on damages, Tropodyne made an oral motion for judgment as a matter of law on Jeffrey Chain's claim for damages. The district trial court overruled the motion, suggested that Tropodyne bring it up again at the conclusion of the testimony, and requested a brief on the issue. Tropodyne filed the requested brief on the last day of trial, but before the close of all the proofs. Tropodyne renewed the motion after the verdict on compensatory damages, but before the verdict on punitive damages.

> Rule 50(b) provides in pertinent part:
>
> > If, for any reason, the court does not grant a motion for judgment as a matter of law made at the close of all the evidence, the court is considered to have submitted the action to the jury subject to the court's later deciding the legal questions raised by the motion. The movant may renew its request for judgment as a matter of law by filing a motion no later than 10 days after entry of judgment-- and may alternatively request a new trial or join a motion for a new trial under Rule 59.
>
> FED. R. CIV. P. 50(b).

Rule 50(b) has long been understood to mean that a party who fails to move for judgment as a matter of law at the close of all the evidence forfeits the opportunity to do so after judgment has been entered upon a verdict. *Gutzwiller v. Fenik*, 860 F.2d 1317, 1330 (6th Cir. 1988). It has also been understood, however, that technical deviation from Rule 50(b)'s command is not fatal. *Riverview Investments, Inc. v. Ottawa Cmty. Improvement Corp.*, 899 F.2d 474, 477 (6th Cir. 1990); *Boynton v. TRW, Inc.*, 858 F.2d 1178, 1185-86 (6th Cir. 1988). In light of the liberal spirit imbuing the Federal Rules of Civil Procedure, technical non-compliance with Rule 50(b)'s requirements will not preclude consideration of a JNOV motion (now known as a judgment as a matter of law) so long as the purposes of the rule have been served. *Gutzwiller*, 860 F.2d at 1331. Those purposes are to provide the opposing party an opportunity to cure any defects in proof and to enable the trial court to re-examine the

question of evidentiary insufficiency as a matter of law if the jury returns a verdict contrary to the movant. *Id.* (quoting *Bohrer v. Hanes Corp.*, 715 F.2d 213, 216 (5th Cir. 1983)).

In this case the asserted violations of Rule 50(b) were minor. We are satisfied that the purposes of Rule 50(b) were served by Tropodyne's filing of the initial Rule 50(a) motion for judgment as a matter of law at the close of Jeffrey Chain's proofs, by the filing of a written brief in support of the motion on the last day of trial, and by the renewal of that motion after the verdict as to compensatory damages was rendered. Jeffrey Chain was alerted to the issue of the sufficiency of the proofs, and the court was given an opportunity after the verdict on compensatory damages was entered to re-examine the question. There was no prejudice stemming from Tropodyne's renewal of the motion for directed verdict on the morning of the last day of trial testimony rather than a couple hours later at the close of all of the evidence. Nor was there any prejudice stemming from Tropodyne's failure to raise the motion yet again after the verdict on punitive damages was rendered, as the evidence at issue pertained to the compensatory damages award. Accordingly, we find that Tropodyne adequately preserved for appeal the issue of the sufficiency of the evidence as to damages.

III.

Tropodyne appeals the district court's adverse ruling on Tropodyne's Rule 50(a) motion for judgment as a matter of law. Judgment as a matter of law is proper where "there is no legally sufficient evidentiary basis for a reasonable jury to find for [the non-moving] party on that issue," and where the

claim "cannot under the controlling law be maintained . . . without a favorable finding on that issue." Fed. R. Civ. P. 50(a). In a federal question case such as this, the standard of review for a Rule 50 motion based on the sufficiency of the evidence is identical to the standard that governs the district court's review. *Brickers v. Cleveland Bd. of Educ.*, 145 F.3d 846, 849 (6th Cir. 1998).

> The evidence should not be weighed. The credibility of the witnesses should not be questioned. The judgment of this court should not be substituted for that of the jury. Instead, the evidence should be viewed in the light most favorable to the party against whom the motion is made, and that party given the benefit of all reasonable inferences. The motion should be granted, and the district court reversed, only if reasonable minds could not come to a conclusion other than one favoring the movant.

K & T Enterprises, Inc. v. Zurich Ins. Co., 97 F.3d 171, 175-76 (6th Cir. 1996).

Tropodyne contends it was entitled to judgment as a matter of law on Jeffrey Chain's damages claim on the basis that Jeffrey Chain failed to put forth any evidence from which the jury could conclude that Tropodyne's sale of $210,355 of metal sewage chain caused Jeffrey Chain $1.7 million in damages. Tropodyne also contends the amount of Jeffrey Chain's damages is based entirely on speculation.

Damages in Lanham Act trademark infringement actions are governed by the law of damages of tort actions. *Broan Mfg. Co., Inc. v. Associated Distributors, Inc.*, 923 F.2d 1232, 1235 (6th Cir. 1991). Under general tort principles "the infringer-tortfeasor is liable for all injuries caused to plaintiff by the wrongful act, whether or not actually anticipated or contemplated by the defendant when it performed the acts of infringement." *Id.* (quoting 2 J.T. McCarthy, *Trademarks and Unfair Competition* § 30:27 at 509 (2d ed. 1984)). In trademark cases courts draw a sharp distinction between proof of the fact of damage and proof of the amount of damage. *Id.* To be entitled to damages the plaintiff must prove that "some damages were the certain result of the wrong." *Id.* (quoting *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d 738, 745 (7th Cir. 1985)). Damages are precluded where the damage claimed is not the certain result of the wrong. *Id.* (quoting *Grantham and Mann, Inc. v. American Safety Prods.*, 831 F.2d 596, 601-02 (6th Cir. 1987). The plaintiff is held to a lower standard of proof in ascertaining the exact amount of damages. *Id.* 932 F.2d at 1236. "Once the existence of damages has been shown, all that an award of damages requires is substantial evidence in the record to permit a factfinder to draw reasonable inferences and make a fair and reasonable assessment of the amount of damages." *Id.* (quoting *Grantham and Mann,* 831 F.2d at 602).

At trial Jeffrey Chain sought damages of $1,771,010. Jeffrey Chain's damage theory was comprised of two components: lost sales and lost growth opportunities. Jeffrey Chain produced only two witnesses in support of its damages claim: its vice-president, Doug McDonald, and its president, Gerd Krohn. In calculating lost sales McDonald took Jeffrey

Chain's average annual sales of environmental products from 1996-1998, the period of infringing activity, and subtracted it from the average annual sales from 1991 to 1995, to arrive at an average annual lost profit of $481,200 per year, or $1,443,600 for the three years. JA 473. McDonald calculated lost growth opportunities of $238,750 based on his assumption that the market for wastewater equipment grew at 4% per year during the relevant time period and that Jeffrey Chain's market share would have at least remained constant but for the infringing activity.

Jeffrey Chain's damage theory assumes that its decline in sales was caused exclusively by Tropodyne's actions. The assumption of causation, however, was not supported by the trial record. Jeffrey Chain's own sales figures demonstrated that in 1995 Jeffrey Chain's sales plummeted by 50%. Tropodyne did not begin using the Jeffrey name for metal chain until October 1995. In 1996 Jeffrey Chain's sales continued to decrease, but at a lower rate of 15%. In 1997, Jeffrey Chain's sales increased by approximately 30%.

The dramatic drop in Jeffrey Chain's sales before Tropodyne's allegedly infringing activity began, and its increase in sales during the heart of the allegedly infringing activity, tend to negate any inference that Tropodyne's activities caused Jeffrey Chain's alleged damages. Furthermore, Jeffrey Chain's damages calculation did not take into consideration any relevant factors other than Tropodyne's allegedly infringing activity that might have accounted for its lost sales, such as the consolidation of competitors, the activities of its competitors, the trend in the industry for chain manufacturers to form alliances with municipalities, Jeffrey Chain's lack of such a municipal alliance, and Jeffrey Chain's

own failure to obtain orders of steel chain from the City of New York following product defects on the Hunt Point job.

Jeffrey Chain produced no direct evidence that its lost profits were attributable to Tropodyne. Neither did it produce any direct evidence of consumer confusion. The only testimony regarding confusion was conjecture by Jeffrey Chain's officers. There was no testimony of confusion from customers or others in the marketplace.

Jeffrey Chain did not present evidence of a single job lost to Tropodyne. With regard to the three bids Jeffrey Chain claims it lost to Tropodyne, it does not know how many companies bid the projects, or where Jeffrey Chain fell in the bids. Accordingly, there was no evidence that Jeffrey Chain lost any one of these jobs to Tropodyne. McDonald testified that because it never had the opportunity to bid on the Chicago job, he does not know whether Jeffrey Chain would have been the low bidder. As to the San Diego job, Jeffrey Chain's bid was higher than Tropodyne's, but McDonald did not know where its bid stood in regard to the other bidders, or whether it would have received the bid but for Tropodyne. As to the Indianapolis job, Tropodyne was bidding an entire systems job, which would include not only chain, but also the design of an entire system. Because Jeffrey Chain is a components manufacturer, and does not sell systems, at the Indianapolis job Jeffrey Chain was bidding through a contractor, Envirex. Accordingly, it was not in direct competition with Tropodyne in Indianapolis.

In *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d 738 (7th Cir. 1985), the trial court determined that the plaintiff had failed to prove that the defendant's activities

caused the plaintiff to fail to reach its projected or anticipated growth. The court noted that the plaintiff's growth rate during the infringing period was double that of the previous rate, and that the plaintiff's growth rate declined after the unfair practices had ceased. *Id.* at 745. The Seventh Circuit upheld the district court's factual finding that the plaintiff had failed to prove causation. It observed that the fundamental flaw in the plaintiff's case was its inability to prove a single lost sale. *Id.* at 746.

Jeffrey Chain's evidence of causation was even more speculative than that found insufficient in *Otis Clapp*. Because Jeffrey Chain was unable to show loss of a single sale caused by Tropodyne, it cannot validly attribute any of its losses to Tropodyne, much less all of its losses. Jeffrey Chain made no showing that its damages were "the certain result" of Tropodyne's alleged wrong. *See Broan Mfg.*, 923 F.2d at 1235. Far from being certain, the evidence indicates that the cause of the damages was nothing more than conjecture.

Even viewing the evidence in the light most favorable to Jeffrey Chain, the evidence was not sufficient to create an issue of fact as to damages for the jury. The trial record reveals that the damages Jeffrey Chain attributed to Tropodyne were purely speculative. Such evidence was insufficient as a matter of law to support a finding of causation. In the absence of proof of causation, Tropodyne was entitled to judgment as a matter of law on Jeffrey Chain's damages claim. The district court's denial of Tropodyne's Rule 50 motion is accordingly reversed.

IV.

In light of the determination above that Tropodyne is entitled to judgment as a matter of law on Jeffrey Chain's claim for damages, Tropodyne's remaining arguments regarding the admission of Jeffrey Chain's summary exhibit of damage calculations or the determination that certain technical product descriptions of industrial chain used by Tropodyne in its catalog infringed Jeffrey Chain's trademark are rendered moot. Accordingly, these issues will not be addressed by this Court.

V.

In its cross-appeal Jeffrey Chain contends that the district court erred by admitting evidence of Tropodyne's damages and by admitting the expert opinion of Abraham Studnick on corrective advertising. In light of the fact that the jury verdict in favor of Tropodyne has been vacated,[3] these issues are moot and will not be addressed by this Court.

Jeffrey Chain also appeals the district court's denial of its motion to alter or amend judgment to grant treble damages under state law and to award attorney fees.

The Tennessee Consumer Protection Act, Tenn. Code Ann. § 47-18-109, provides for the discretionary award of treble damages if the court finds that the use or employment of the unfair or deceptive act or practice was a willful or

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[3] *Jeffrey Chain v. Tropodyne Corp.*, No. 98-6685, Amended per curiam opinion, May 23, 2000.

knowing violation of the Act. Tenn. Code Ann. § 47-18-109(a)(3).[4] The Lanham Act provides that the court "in exceptional cases" may award reasonable attorney fees to the prevailing party. 15 U.S.C. § 1117(a).[5]

Because both the ruling as to treble damages and the ruling as to attorney fees are statutorily left to the trial court's discretion, these rulings are reviewed for abuse of discretion. In denying Jeffrey Chain's motion to alter or amend judgment the district court did not engage in a discussion of the relevant factors. Rather, it summarily concluded that it did not find this an appropriate case for an award of treble damages, and that this was not the kind of "exceptional" case that would

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[4]The Act provides that in determining whether treble damages should be awarded, the trial court may consider, among other things:

(A) The competence of the consumer or other person;
(B) The nature of the deception or coercion practiced upon the consumer or other person;
(C) The damage to the consumer or other person; and
(D) The good faith of the person found to have violated the provisions of this part.

Tenn. Code Ann. § 47-18-109(4).

[5]"Although the precise definition of the term 'exceptional cases' is uncertain, the legislative history clearly suggests that it would involve cases in which the infringement was malicious, fraudulent, willful, or deliberate." *Hindu Incense v. Meadows,* 692 F.2d 1048, 1051 (6th Cir. 1982) (cited with approval in *Frisch's Restaurants v. Elby's Big Boy,* 849 F.2d 1012, 1017 (6th Cir. 1988)).

justify an award of attorney fees to either party. Despite the lack of specificity in the trial court's order, in light of our determination above that Jeffrey Chain failed to prove that it suffered any damages whatsoever as a result of Tropodyne's conduct, we find no abuse of discretion in the denial of treble damages and attorney fees.

VI.

For the foregoing reasons the jury verdict against Tropodyne is VACATED and judgment is entered in favor of Tropodyne on Jeffrey Chain's claim for damages. The district court's order denying Jeffrey Chain's motion to alter or amend judgment to add treble damages and attorney fees is AFFIRMED.

APPENDIX B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE

[Filed August 6, 1999]

No. 2:96-CV-546

JEFFREY CHAIN, L.P., d/b/a JEFFREY CHAIN CORPORATION	)
v.	)
TROPODYNE CORPORATION	)

JUDGMENT IN A CIVIL CASE

[X] **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

[] **Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that plaintiff Jeffrey Chain, recover of the defendant Tropodyne the amount of $1,485,000.00 in compensatory damages and $423,750.00 in punitive damages, and the counter-

plaintiff/defendant Tropodyne, recover of the counter-defendant/plaintiff Jeffrey Chain, L.P. the amount of $685,000.00 in compensatory damages with interest thereon at the rate of 4.966% as provided by law, and their costs of action.

August 6, 1999
Date

R. MURRY HAWKINS
Clerk

/s/_____
(By) Deputy Clerk

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

[Filed February 16, 2001]

Nos. 99-6268/6269

JEFFREY CHAIN, L.P., DOING BUSINESS AS JEFFREY CHAIN CORPORATION,
Plaintiff-Appellee, Cross-Appellant,

v.

TROPODYNE CORPORATION,
Defendant-Appellant, Cross-Appellee.

BEFORE: MERRITT, and GILMAN, Circuit Judges; BELL, District Judge.*

*Hon. Robert Holmes Bell, United States District Judge for the Western District of Michigan, sitting by designation.

ORDER

The court having received a petition for rehearing en banc, and the petition having been circulated not only to the original panel members but also to all other active judges of this court, and no judge of this court having requested a vote on the suggestion for rehearing en banc, the petition for rehearing has been referred to the original panel.

The panel has further reviewed the petition for rehearing and concludes that the issues raised in the petition were fully considered upon the original submission and decision of the cases. Accordingly, the petition is denied.

ENTERED BY ORDER OF THE COURT

/s/_____
Leonard Green, Clerk

APPENDIX D

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
AT GREENEVILLE

[Filed December 1, 1998]

No. 2:96-CV-546

JEFFREY CHAIN, L.P., d/b/a)
JEFFREY CHAIN CORPORATION)
)
v.)
)
TROPODYNE CORPORATION)

ORDER

The parties have filed various pretrial motions which have been referred to the Magistrate Judge pursuant to 28 U.S.C. § 636 and the standing order of this Court. A hearing was held on November 30, 1998.

1. Plaintiff's Objections to Defendant's Deposition Designations [Doc. 94]

If Foster appears for trial (and plaintiff represents that he will), his deposition may be used only for impeachment purposes. Fed. R.Civ.P. 32(a). To this extent the motion is

GRANTED.

2. Plaintiff's Objections to Defendant's Proposed Exhibit [Doc. 98]

Exhibit 12 (Correspondence between Jeffrey Chain and Seabury Construction Co.)

The correspondence is relevant regarding any damages to the reputation (i.e., "good will") of the name "Jeffrey." The objection is OVERRULED.

Exhibit 19 (Studnick's curriculum vitae):

Contrary to plaintiff's assertion, Studnick was earlier designated as an expert witness who will testify on behalf of defendant. The objection therefore is DENIED.

Exhibits 22, 23, and 25 (various orders and opinions of the District Judge):

The orders and memorandum opinions *could* have relevance with regard to the issue of wilfulness. It is also conceivable that they could be needed for purposes of cross-examination. The exhibits should be admitted, but not passed to the jury without first obtaining the explicit permission of the District Judge.

Exhibits 37, 38 *and 40 (samples of metal chain manufactured by other companies):*

The proposed exhibits are samples of chain manufactured by companies other than these litigants.

Defendant maintains that the purpose of these exhibits is to show that any metal chain sold by it bore the trademark of the actual manufacturer (e.g., Hitachi), and did not bear the trademark name of Jeffrey or Jeffrey Chain.

On the other hand. Jeffrey Chain says that its allegations go to *advertising* for sales, which advertisements at least suggested to consumers that the chain sold by defendant Tropodyne was in fact Jeffrey Chain.

Although Jeffrey Chain makes a point, it nevertheless is a matter which could and should be explained to the jury during the presentation of the evidence. The objection is OVERRULED.

Exhibits 45, 46, 47 and 48 (various trade publications and media guides):

The objection to these exhibits was withdrawn.

Exhibits 6, 11, 16, 20, 21, 41, 42 and 43 (various documents regarding Jeffrey Chain's sales of plastic chain):

The basis for the objections to these exhibits is the same as that for plaintiff's Second Motion in Limine. For reasons set out in the Court's ruling on that motion in limine, the objections are OVERRULED.

3. Plaintiff's First Motion in Limine [Doc. 95]

Plaintiff seeks a formal declaration of this Court that the defendant is not entitled to utilize an expert witness because defendant failed to identify such a witness.

As noted above, Tropodyne did identify Mr. Studnick as an expert witness. Therefore. the motion in limine is **DENIED.**

4. Plaintiff's Second Motion in Limine [Doc. 96]

Jeffrey Chain asks that Tropodyne be prohibited from using any documents obtained by Tropodyne from Jeffrey Chain during discovery because Tropodyne has refused to comply with Jeffrey's discovery requests and prior Court orders.

In light of the continuance of the trial date and an order to be entered with regard to Tropodyne's compliance with discovery requests and Court orders, this motion shall be **DENIED**, but only on the assumption that Tropodyne will cooperate fully hereafter with discovery.

5. Plaintiff's Third Motion in Limine [Doc. 97]

Jeffrey Chain seeks to preclude Tropodyne from introducing any evidence regarding allegedly defective metal chain sold by Jeffrey Chain to Seabury Construction Company for use in the Hunt's Point Sewage Treatment Facility in New York.

Jeffrey Chain makes an excellent point when it notes that this could result in one or more "mini-trials" to determine whether or not the chain actually was defective. Nevertheless, as with the Court's ruling regarding Exhibit 12 (see ¶ 2 above), it cannot be said that the use of the name Jeffrey on metal chain would not have an adverse impact on Tropodyne's sale of its plastic chain bearing that same mark inasmuch as Jeffrey Chain, at least for a time, sold plastic chain to the sewage industry. The motion in limine is **DENIED.**

6. Defendant's Motion for Permission to File Surreply to Plaintiff's Motion for Sanctions [Doc. 93]

The motion is **GRANTED.**

7. Defendant's Motion in Limine to Preclude Evidence or Questions Concerning Jeffrey Chain's Claim that Tropodyne Misappropriated CAD Files from Jeffrey Chain [Doc. 81]

There may not be any direct evidence that Mr. VanDeMark misappropriated or "stole" Jeffrey Chain's property, but at this juncture it cannot be said that there is no circumstantial evidence of such misappropriation. The motion in limine, therefore, is **DENIED.** If, after hearing all the proof in the context of the trial, the District Judge is convinced that there is neither direct nor circumstantial evidence that VanDeMark misappropriated Jeffrey Chain's property, then the District Judge may enter an appropriate order under Rule 50. As stated, however, at this juncture a ruling prohibiting such evidence would be inappropriate.

8. Defendant's Objections to Jeffrey Chain's Witness Maxine Shackelford [Doc. 91]

Since the trial date has been continued, the witness' deposition may be taken by Tropodyne at any time within the next fourteen (14) days. At any time within the fourteen days thereafter, Tropodyne may renew its objections. The pending obiection, however, is **DENIED.**

9. Defendant's Objections to Plaintiff's (Revised) Exhibits [Doc. 90]

The objections to Exhibits 1 through 6 are WITHDRAWN.

The objections to Exhibits 7 and 8 are OVERRULED.

The objection to Exhibit 9 was WITHDRAWN.

The objections to Exhibits 10 through 13, 15 through 19, 23, 25 and 26, all involve the same question. Defendant insists that these exhibits are intended only to embarrass and harass Mr. VanDeMark. Jeffrey Chain, on the other hand, insists that the exhibits are very germane to the issue of Tropodyne's wilfulness as far as infringing the Jeffrey trademark is concerned.

Issues of relevance are difficult to rule upon pretrial unless the matter is so far beyond the pale that there can be no doubt. The situation here is not that extreme. Issues of relevance customarily are deferred to the District Judge,

and these objections are so DEFERRED.

For reasons appearing in the paragraph preceding, the objections to Exhibits 27 through 29 are DEFERRED to the District Judge.

The objections to Exhibits 30 through 45 were WITHDRAWN.

With regard to Exhibit 46, this proposed exhibit is a memorandum (to a file) by Mr. Foster, a Jeffrey Chain employee. In this memorandum, Mr. Foster undertakes to describe a conversation between him and a Mr. Rodriguez, who was a potential customer of Jeffrey Chain. According to the memorandum, Rodriguez wondered why Jeffrey Chain had two booths at the trade show and stated that he was "thoroughly confused" as to whom he should talk about buying material for a sewage treatment plant in Venezuela.

Tropodyne insists that the memo is hearsay upon hearsay (and which, of course, it is).

Jeffrey Chain insists that the memo should be admitted under the "state of mind" exception to the hearsay rule [F.R.E. 803(3)].

The memorandum itself is hearsay unless, of course, Mr. Foster himself testifies as to the conversation; otherwise, the memorandum could be admitted only under 803(6) (the business records exception). Assuming Foster testifies at trial, the secondary hearsay problem arises, i.e., the statements of Rodriguez.

If confusion of identity was still a viable issue, Rodriguez's hearsay statements regarding confusion between Tropodyne and Jeffrey Chain would be admissible under 803(3). However, according to the District Judge's order, the only remaining issue is one regarding damages. Whether Mr. Rodriguez was confused is irrelevant. On the basis of relevancy (as opposed to hearsay), the objection is SUSTAINED.

The objections to Exhibit 47 through 49 were WITHDRAWN.

Exhibit 50 is a file of Mr. Foster which contains material regarding incidents or episodes of confusion between Tropodyne's products and Jeffrey Chain's products. For the same reason as set forth in the ruling regarding Exhibit 46 above, this objection is SUSTAINED.

10. Defendant's Objections to Jeffrey Chain's Deposition Designations [Doc. 92]

Deposition of Rentzsch: At argument on the objection, counsel for defendant stated that his objection went to the entire deposition rather than the selected portions as set forth in his written objections. Tropodyne's counsel indicated that the objection to the entire deposition was premised on the fact that the deposition goes to the issue of liability, which is no longer relevant in light of the District Judge's ruling. Counsel for Jeffrey Chain disagreed, insisting that the designated portions of the deposition had relevance to the issue of 'willfulness.'

Trying to distinguish between proof regarding liability and proof regarding "willfulness" outside the context of a trial is difficult if not impossible. The inferences to be drawn from the designated portions of the deposition will depend in large measure on other proof that may be presented. This issue is best left to the District Judge wino will actually hear the evidence. The objections, to the extent they are based an relevance, are DEFERRED to the District Judge.

Deposition of Fernandez: As with the deposition of Rentzsch, defendant's objections go to the entire deposition rather than the designated portions, and again are based upon relevance.

For the reasons discussed with reference to Rentzsch's deposition, the objections are DEFERRED to the District Judge who will try the case.

Deposition of Paul VanDeMark: The objection was WITHDRAWN.

SO ORDERED:

/s/_____
DENNIS H. INMAN
UNITED STATES MAGISTRATE JUDGE